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HOUSE BILL 2370

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State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Schual-Berke and O'Brien

Read first time 02/28/2007. Referred to Committee on Finance.

1            AN ACT Relating to establishing the emergency management,  
2 preparedness, and assistance account; amending RCW 48.18.170 and  
3 48.18.180; adding new sections to chapter 38.52 RCW; creating new  
4 sections; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.** The legislature finds that recent events,  
7 including the 9/11 terrorist acts, the tsunami in southeast Asia,  
8 Hurricanes Katrina and Rita in the gulf coast, outbreaks of avian flu,  
9 and the earthquake in Pakistan, have demonstrated the need for a  
10 coordinated, comprehensive all-hazards disaster plan involving  
11 citizens, industry, local governments, and the state. Washington  
12 state's topography, geography, location, and strategic and economic  
13 interests place the state at particular risk from both natural  
14 disasters and man-made disasters. In response, Washington state and  
15 its local governments have implemented nationally recognized all-  
16 hazards emergency management and disaster response plans. However,  
17 recent studies have revealed the lack of a secure funding source for  
18 resolving impediments to the ability of state and local programs to  
19 integrate and coordinate comprehensive disaster preparedness. In

1 addition, local programs suffer disparities in funding and expertise,  
2 leaving troublesome gaps in a well-coordinated statewide all-hazards  
3 emergency management system.

4 Recognizing that all disasters are local disasters, the legislature  
5 therefore intends to strengthen state and local emergency response,  
6 mitigation, preparation, and coordination by establishing a stable  
7 source of funding with the intent that Washington state become the  
8 nationally recognized leader in emergency management. The funding will  
9 be dedicated to the development and coordination of state and local  
10 government emergency management programs by supporting joint training  
11 exercises, citizen and industry coordination with emergency management  
12 efforts, public education, and relationship building among local and  
13 state emergency management officials.

14 NEW SECTION. **Sec. 2.** The emergency management, preparedness, and  
15 assistance account is created in the state treasury. All receipts from  
16 the surcharge authorized by section 3 of this act must be deposited  
17 into the account. Moneys in the account may be spent only after  
18 appropriation. Expenditures from the account may be used only as  
19 provided in section 4 of this act.

20 NEW SECTION. **Sec. 3.** In order to provide funds for emergency  
21 management, preparedness, and assistance, an annual surcharge of two  
22 dollars per policy is imposed on every homeowner's, mobile homeowner's,  
23 tenant homeowner's, and condominium unit owner's insurance policy, and  
24 an annual four-dollar surcharge is imposed on every commercial fire,  
25 commercial multiple peril, and business owner's property insurance  
26 policy, issued or renewed on or after the effective date of this  
27 section. The surcharge must be paid by the policyholder to the  
28 insurer. The insurer shall collect the surcharge and remit it to the  
29 department of revenue, which shall collect, administer, audit, and  
30 enforce the surcharge under chapter 82.32 RCW. The surcharge is not to  
31 be considered premiums of the insurer and is not subject to premium  
32 taxes, however, nonpayment of the surcharge by the insured may be a  
33 valid reason for cancellation of the policy. The surcharge imposed on  
34 policyholders under this section is not subject to retaliatory tax  
35 provisions. All proceeds of the surcharge must be deposited in the

1 emergency management, preparedness, and assistance account and may not  
2 be used to supplant existing local funding.

3 NEW SECTION. **Sec. 4.** (1)(a) The department must use twenty  
4 percent of the funds appropriated from the emergency management,  
5 preparedness, and assistance account for the department's  
6 administration of this section, and to: Fund the assessment required  
7 by section 5 of this act; fund state agency activities, including  
8 military department activities, that develop and coordinate  
9 comprehensive emergency management plans; train elected and appointed  
10 state officials on state laws, disaster command and response  
11 structures, and the roles and responsibilities of officials before,  
12 during, and after a disaster; administer periodic joint emergency  
13 management training exercises involving the military department and  
14 other state agencies; and implement state agency projects that will  
15 strengthen emergency response, mitigation, preparation, and  
16 coordination.

17 (b) The department must allocate eighty percent of the funds  
18 appropriated from the emergency management, preparedness, and  
19 assistance account for grants to regional agencies, local governments,  
20 tribal governments, regional incident management teams, and private  
21 organizations to: Develop and coordinate comprehensive emergency  
22 management plans; train elected and appointed officials on state laws,  
23 ordinances, disaster command and response structures, and the roles and  
24 responsibilities of officials before, during, and after a disaster;  
25 administer periodic joint emergency management training exercises; and  
26 implement projects that will strengthen emergency response, mitigation,  
27 preparation, and coordination.

28 (2) Projects funded under this section must include, but need not  
29 be limited to, projects that will promote neighborhood level public  
30 education on disaster preparedness and recovery issues, situate all  
31 weather radios in public buildings, enhance coordination of public  
32 sector and private sector relief efforts, and improve the training and  
33 operations capabilities of agencies assigned lead or support  
34 responsibilities in the state comprehensive emergency management plan.

35 (3) Grant funding may also be used as seed money to establish a  
36 dedicated, full-time emergency management director in every county that  
37 does not have such a director as of the effective date of this section.

1 (4) The department shall establish criteria and procedures for  
2 competitive allocation of these funds by rule. At a minimum, the rules  
3 must:

4 (a) Establish preferential funding for projects and exercises  
5 addressing needs and recommendations identified by the department in  
6 the assessment conducted under section 5 of this act;

7 (b) Specify a formula that establishes a base grant allocation and  
8 weighted factors for funds to be allocated over the base grant amount  
9 for regional agencies, local governments, tribal governments, regional  
10 incident management teams, and private organizations with existing  
11 emergency management and preparedness programs that are located in a  
12 part of the state where the risk of exposure to disasters is deemed by  
13 the department to be particularly acute;

14 (c) Specify match requirements; and

15 (d) Include requirements that, at a minimum, a local emergency  
16 management agency have: A comprehensive emergency management plan or  
17 be a member of a joint local organization for emergency management; and  
18 a local director who works at least forty hours a week in that  
19 capacity, or have designated by ordinance or resolution an emergency  
20 management coordinator who works at least fifteen hours a week in that  
21 capacity.

22 (5) No more than five percent of any award made under subsection  
23 (1)(b) of this section may be used for administrative expenses.

24 (6) The distribution formula provided in this section may be  
25 adjusted proportionally when necessary to meet any matching  
26 requirements imposed as a condition of receiving federal disaster  
27 relief assistance or planning funds.

28 (7) Local governments receiving funds under this section may not  
29 use the funds to supplant existing funding.

30 NEW SECTION. **Sec. 5.** Beginning in January 2009 and biennially  
31 thereafter, the department shall conduct, in conjunction with the  
32 emergency management council, a strategic assessment of, and issue a  
33 report on, the ability of state, local, and tribal emergency management  
34 organizations to effectively provide for all phases of comprehensive  
35 emergency management. The assessment must:

36 (1) Evaluate state, local, and tribal emergency management  
37 capabilities and needs;

1 (2) Evaluate the ability of state, local, and tribal emergency  
2 management organizations to provide emergency management mitigation,  
3 preparedness, response, and recovery;

4 (3) Evaluate the effectiveness of the emergency management  
5 structure at the state, local, and tribal levels;

6 (4) Provide findings and make recommendations that increase the  
7 ability of state, local, and tribal emergency management organizations  
8 to meet current and future risks; and

9 (5) Detail where and for what purpose funds under section 4(1)(b)  
10 of this act have been distributed.

11 NEW SECTION. **Sec. 6.** The joint legislative audit and review  
12 committee shall study and review the performance of programs  
13 implemented under this act. The committee shall examine at least the  
14 following factors: The number and type of joint exercises conducted  
15 under section 4 of this act; the number of programs receiving grant  
16 money and the status of those programs; the coordination of  
17 comprehensive emergency management plans between state and local  
18 jurisdictions; the number of training programs administered; the number  
19 of comprehensive emergency management or safety plans created using  
20 funds distributed under section 4 of this act; and the number of  
21 emergency preparedness officials created and trained with funds  
22 distributed under this act. The committee shall provide a final report  
23 on this review by December 2009. Funds from the emergency management,  
24 preparedness, and assistance account may be provided to the committee  
25 for the purposes of conducting the study.

26 **Sec. 7.** RCW 48.18.170 and 1947 c 79 s .18.17 are each amended to  
27 read as follows:

28 "Premium" as used in this code means all sums charged, received, or  
29 deposited as consideration for an insurance contract or the continuance  
30 thereof. Premium does not include the annual surcharge imposed under  
31 section 3 of this act. Any assessment, or any "membership," "policy,"  
32 "survey," "inspection," "service" or similar fee or charge made by the  
33 insurer in consideration for an insurance contract is deemed part of  
34 the premium.

1       **Sec. 8.** RCW 48.18.180 and 1994 c 203 s 2 are each amended to read  
2 as follows:

3       (1) The premium stated in the policy shall be inclusive of all  
4 fees, charges, premiums, or other consideration charged for the  
5 insurance or for the procurement thereof.

6       (2) No insurer or its officer, employee, agent, solicitor, or other  
7 representative shall charge or receive any fee, compensation, or  
8 consideration for insurance which is not included in the premium  
9 specified in the policy.

10       (3) Each violation of this section is a gross misdemeanor.

11       (4) This section does not apply to a fee paid to a broker by an  
12 insured as provided in RCW 48.17.270.

13       (5) This section does not apply to the surcharge imposed under  
14 section 3 of this act.

15       NEW SECTION. **Sec. 9.** Sections 2 through 5 of this act are each  
16 added to chapter 38.52 RCW.

17       NEW SECTION. **Sec. 10.** Sections 4 through 6 of this act take  
18 effect January 1, 2008.

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